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Department of Industrial Relations
Self Insurance Plans
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**INSTRUCTIONS:
PRIVATE and GROUP SELF INSURER'S ANNUAL REPORT
Year Ending December 31, 2005**

General Information

All private and group self insured employers, active or revoked, must report their self insured workers' compensation claims experience for the preceding year on the **Self Insurer's Annual Report**. The report for 2005 must be completed and filed with Self Insurance Plans (SIP) no later than **March 1, 2006**.

This year's annual report is in a **fillable pdf** document, and is broken down into two separate forms, as has been the case in the past. One is for the self insured employer to complete, and the other is for the claims administrator to complete (usually a TPA). You will need a version of Adobe Reader greater than 5.0 to view and print the form. You can download the reader for free at: <http://www.adobe.com> SIP has mailed letters to employers and TPAs to provide user ID's and passwords that will enable you to log onto our website and download the form(s). Portions of the forms are pre-populated with relevant data.

Two completed reports must be filed with SIP. At least one report include the original wet signature of the self insurer on page 4 and an original signature of the claims administrator on each page 2, "Liabilities by Reporting Location." Note that a separate "Liabilities by Reporting Location" must be submitted for each location that administers claims. **Group Self Insurers: Do Not complete separate "Liabilities by Reporting Location" reports for each group member.** All group member claims handled at one adjusting location should be included on the locations report for that location. However, please identify the employer for each open indemnity claim on the "List of Open Indemnity Claims". Also, submit two sets of the List of Open Indemnity Cases.

The reports must be filed with Self Insurance Plans no later than **March 1, 2006**. We accept the reports beginning January 2 of each year.

Please include **two copies** of the self insurer's current financial statement when it becomes available.

Instructions: Page 1 of the Employers Portion of the Annual Report— to be completed by self insurer

I. General

1. This portion is pre-populated. Verify the certificate number.
2. This portion is pre-populated. Verify the period of report.
3. A portion of this section is pre-populated. Verify the name of master certificate holder. Verify the name and address of the master certificate holder that is self insured. Enter the state of incorporation and federal tax identification number. If you know the first four digits of the North American Industry Classification System (NAICS) for your California operations, please insert it. If you do not have your NAICS code, please leave it blank and SIP will complete that section at a later date. The NAICS codes are published in the North American Industry Classification System, Executive Office of the President, Office of Management and Budget, 1997.
4. Enter the legal names of the affiliate or subsidiary companies that are self insured under this master certificate. If you run out of space you can continue to page 2 of the “Employer” annual report. **Self Insured Groups: You may include a listing of all group members on a separate sheet instead of listing them in this section.** Verify that SIP records as presented are correct, including complete company names, spelling, and other information.
5. Indicate any changes made to any of the self insured entities during the period January 1, 2005 through December 31, 2005, including re-incorporations, mergers, changes in identity (legal name changes) and/or additions to the program.
6. Employment and wages paid in calendar year 2005: Report the total wages and salaries paid for California, as well as the total number of employees – do not indicate an average number or full employee equivalents. To help calculate the number of employees: page 1 asks for the number of W-2 tax forms issued to any employee in California for the given year. **NOTE: If this section is not completed or left blank, the form will not print. If you do not have any employees or wages/salaries, you must enter a “0”.**

Note: Self insurers whose self insurance was revoked before June 30, 2001 (employers that are no longer self insured but are reporting their “run-off” claims from the period of self insurance) must continue to provide employment/wage information for three years after revocation. Those revoked on or after June 30, 2001 must continue to provide employment/wage information for five years after revocation. This data is used to determine the private sector license fee assessment (Title 8, Chapter 8, Subchapter 2, Article 3, California Code of Regulations). If the employment and wage information is not included on the current annual report form, SIP will use the data from the last annual report form submitted.

7. Verify the company, name and address of the person who will receive all correspondence, invoices for fees and penalties, annual reports and notices of changes in regulations, as well as security deposit and financial matters.

Instructions: Page 2 of the Employers Portion of the Annual Report—to be completed by self insurer

Page 2- Items 4. and 5: This is a continuation of items 4 and 5 from page 1.

Instructions: Page 3 of the Employers Portion of the Annual Report—to be completed by self insurer

Administrator Information

Item : . You must complete this section after your Third Party Administrator (TPA) has returned their portion of the annual report to you. The data is from the “Liabilities by Reporting Location.” List each claims administrator submitting a “Liabilities by Reporting Location” page, the city they are located in, and the total estimated future liability (EFL).

Section B: Enter the total amount of estimated future liability from all reporting location page 2s, line 3.

Records Storage

Please check either yes or no if you have records stored at any other location. If yes, indicate whether the closed claims records are kept at any location other than with the present administrator.

Insurance Coverage

Please check either yes or no regarding additional insurance information. If yes, provide the pertinent information.

If any of the questions are not answered, the annual report will be returned.

1. Indicate if any of the workers’ compensation liabilities are covered by a standard workers’ compensation policy. Indicate the insurance company name, policy number and issue date.
2. Indicate if any of the workers’ compensation liabilities are covered by a specific excess workers’ compensation insurance policy. Indicate the insurance company name, policy number and issue date, and retention limit.
3. Indicate if any of the workers’ compensation liabilities are covered by an aggregate workers’ compensation insurance policy. Indicate the insurance company name, policy number and issue date, and retention limit.

Page 4-Deposit Calculation

This section is used to determine the required security deposit required.

A. Estimated Future Liability.

1. This is the sum of all the Liabilities by Reporting Location Pages. Please complete this portion once you have received those pages from your TPA.
2. Please fill in your deposit factor. (135%, 150% or 200%)
3. Once items 1 and 2 are completed, item 3 will automatically calculate.

B. One Year Average Unpaid Claim Liability Calculation.

1. The number is automatically generated (with the same number as in A1).
2. This number is the sum from Line 1 from each of the Liabilities by Reporting Location pages.
3. This is determined by subtracting B2 from B1. B1.
4. This number is determined by dividing the number in line 3 by 5. If you are a new employer and only in the program for less than 5 years, enter the number of full years you have been self insured.

C. Adjusted Deposit Required: This amount is automatically calculated.

D. Adjustment for Specific Excess: Enter the amount of the Specific Excess Insurance Adjustment from line 3, page 5, Reverse Side, of the location report completed by your TPA. If there are more than one “Adjusting Location Reports”, the number will be the total from all of them.

E. Security Deposit Required to be Posted: This is automatically calculated. Please note that this amount may be revised following the review of your Annual Report by Self Insurance Plans.

To print the report, utilize the **green** button on the first page. Once you have received all the pages from your TPA, enter the figures that are required, then print the form. Once you print the form, a barcode will appear on the first page. Please attach the pages once your TPA has mailed them to you. The TPA portion will also have a barcode on the first page.

PRINTING PROBLEMS

If the form does not print, please check to make sure you have entered the total number of employees and salaries/wages. If you have no employees and salaries/wages, please enter “0”.

If you have any questions or need additional assistance, please contact Tina Freese at (916) 483-3392, ext. 3007. You may also send an email to Tfreese@dir.ca.gov

Instructions: Page 1 of TPA’s Portion of the Annual Report—to be completed by the TPA

II. Liabilities by Reporting Location

This page must be completed by your third party administrator, or, if self administered, by your in-house claims administrator. A separate Page 2 must be completed for each separate reporting location: that is, from each claims adjusting office handling claims for the self insured employer and for each self insured company posting a separate security deposit under the same certificate.

Important Note: If you start a new report from the same computer before completing a report that you started but did not compete, you will have to start the uncompleted report again. The application will not retain the data from the first, uncompleted report.

Reporting location number: This number is pre-populated based upon information for the selected reporting location. Verify the number that corresponds to the TPA and the location of the administrator preparing this page. The first number is either 3 for TPA or 2 for self administered - the next four digits represent the self insurer's certificate number - the next two digits represent the TPA location number - the last three digits represent the TPA's certificate number.

Name/Identification of Location: This section is pre-populated. Verify the name of the TPA and the office location.

Enter the name of the self insured private entity: Master, Subsidiary, or Affiliate.

Type of report: The designation should be for an original report unless the report is for an interim period (for instance, when changing administrators mid-year or is being submitted to amend the original report to correct an error.

The data to be entered is the same as in the past. All the boxes highlighted in yellow are automatic calculations. Once you enter the "Incurred Liability Indemnity" figures and "Paid to Date Indemnity" figures, the difference between the two will appear in the "Future Liability Indemnity" box. If there is an error, the box will be highlighted in red.

The same procedure applies for the "Incurred Liability Medical", except that if there is an error, the box will be highlighted in blue. If there are no errors, the boxes will not be highlighted and you may continue to enter the remaining data.

If you need assistance and cannot determine the nature of the error, please click on the "Help" button. **The Form will not print if errors are not corrected**

A. Cases and benefits.

1. Report the cases open as of 12/31/2005 that were reported prior to 2001 for the self insured company.
- 2a-e. Report the 2001, 2002, 2003, 2004, and 2005 claim liabilities in the split format for each of the years. For each of these years report the liability figures for both *All cases reported* and *Cases open*.

The *Future Liability \$ Indemnity* and *\$ Medical* entry boxes for years 2001-2005 are centered (that is, the estimated future liabilities for all cases reported and for cases open), because the future liability for any given year should be the same for *All cases reported* for that year as they are for *Cases open* in that year. Note that that the cases and benefits table will be totalled both horizontally by year and vertically for the future liability.

The *Incurred Liability* entries minus the *Paid to Date* entries equal the *Future Liability* entries.

Each *\$ Indemnity* entry for each year adds mathematically across the table and each *\$ Medical* entry for each year likewise adds up across the table for that year.

Future Liability \$ Indemnity entries for years 2001, 2002, 2003, 2004 and 2005 (2a-e) are the same amount in any given year's line, whether you are calculating *All cases reported* or *Cases open* for that particular year. Similarly, the *Future Liability \$ Medical* entry for each of those years should be the same number for any given year, whether you are calculating *All cases reported* or *Cases open* for that particular year.

Attach a list of all open indemnity claims. The list may be on the List of Open Indemnity Cases provided at the end of the annual report form or on a computer run organized in the same format. If the list of cases is a computer run, it must include with name of the self insured employer or affiliate or subsidiary employer, date of injury, description of injury, paid to date and estimated future liability. The listing must be by year reported and alphabetical within each year.

Instructions: Page 2 of TPA's Portion of the Annual Report—to be completed by the TPA

Page 2: Administrator/Certification

- A. List the name of the current administrator or TPA at the time the report is being completed.

Note: The administrator named may not be the same as the claims administrator (the person) actually responsible for completing the report. If there has been a change of administrator on or after January 1, 2005, the new administrator's name should be entered in item B with the date of the change and the agency name, address, etc.

List the name of the person responsible for the claims, the administrative agency name and address, and the complete TPA certificate number issued by SIP.

- B. Indicate if there has been any change in claims administration since January 1, 2005.

The person named in item A or B must have passed the Administrator's Exam.

The certification on one of the reports submitted to SIP must have an **original** (real, wet) signature and be completed with the administrator's name, title, company and address. A copy of an original signature is not acceptable.

The certification must be signed by a person who works at the reporting office, has passed the Administrator's Exam and whose name is on file at SIP. Any name changes must be reported to SIP prior to submitting the annual reports. A request for a name change for an administrator (person) must be accompanied by a copy of supporting documents such as a marriage license, divorce decree or petition for name change. **Reports with unqualified persons signing the liabilities section will be returned to the self insurer.**

Note: All reporting location pages must be signed.

**Instructions: Page 3 of TPA's Portion of the Annual
Report—to be completed by the TPA**

Specific Excess Insurance Policy Coverage-Fields that are highlighted in “yellow” are calculation/validation fields.

Printing the “Specific Excess Insurance Policy Coverage” page: Once you have completed the “Liabilities by Reporting Location” page and entered the first three claimants on the specific excess insurance policy coverage, you will have to print the pages from the “green button” on page 1. In order to continue listing additional claimants, you will have to hit the red “reset” button on page 1 for each additional three claimants that you list.

Important notes: The calculation formula has been amended. Please read these instructions carefully.

In no event can credit for specific excess insurance exceed the claim's estimated future liability. Total unpaid carrier liability cannot exceed estimated future liability.

Credit cannot be extended for specific excess coverage to insurance companies that are insolvent, seized, bankrupt, or a non-admitted California surety. As a state agency, Self Insurance Plans cannot violate California statutory law or the Insurance Code.

The only payments that may be applied toward a claim's specific excess retention are indemnity and medical expenses paid to date.

The “Specific Excess Insurance Policy Coverage” page is used to itemize claims covered by a specific excess insurance policy. Each claim on the List of Open Indemnity Cases that exceeds the retention level of the specific excess policy should be entered here. This page should be completed before completing page 4, Deposit Calculation. There is room for detailed information for three claims per page—make as many copies as necessary of this page.

Complete all information on each claim or credit for the claim's excess coverage may not be allowed. Enter the data as follows:

Name of claimant—last name, first initial.

Claim number—as entered on your loss runs to identify this specific claim (note that more than one claim for the same person may exist).

Date of injury—actual date the injury occurred.

First year reported to SIP: - the date reported to the employer, but we only ask for the year of the first annual report where the claim was first reported to SIP on the list of open indemnity cases reported. For example, a 1987 claim reported in 1988 to the employer would be on the 1988 annual report: enter 1988.

Description of injury - provide a brief one or two word description, such as back, head, stress.

Name of specific excess carrier—complete, correct name of the carrier (many carriers have similar names).

Credit for specific excess coverage cannot be extended to insurance companies that are insolvent, seized, bankrupt, or a non-admitted California surety. However, all claims that fall into this category must be reported, and the information is helpful in bankruptcy situations. Since no credit can be given for such cases, enter a zero in the box labeled Total Unpaid Carrier Liability, after completing all the other information pertaining to the claim.

Policy number of the specific excess policy covering the claim.

Policy period: start and stop dates of the policy.

Employer's retention: the amount of loss the self insurer must pay before the carrier will indemnify the employer for the claim.

Upper policy limit—the insurance policy's upper limit of indemnity is the maximum amount of loss for which the carrier will indemnify the self insurer.

Check a yes or no response to: claim reported to carrier, claim acknowledged/accepted by carrier, has carrier denied any part or all liability of this claim.

Total of payment by excess carrier to date of this claim - the amount the carrier has paid to date in reimbursements. This amount is for information purposes only, and does not enter into the calculations for excess credit.

Calculating the unpaid employer retention:

- 1a. Employer's retention - Stated in the policy, the minimum retention level is the amount of loss the self insurer must pay on a claim before the carrier will indemnify.
- 1b. Total paid on claim - indicate the sum of the paid-to-date indemnity and medical costs on this claim reported in the List of Open Indemnity Claims.
- 1c. Unpaid employer retention - subtract the total paid on the claim from the employer's retention to determine any unpaid employer retention. If the employer paid over the retention level and the total paid on claim is a larger number than the employer's retention, enter zero.

Calculating the total unpaid carrier liability:

- 2d. Estimated future liability on claim - to estimate what remains to be paid on this claim in indemnity and medical, indicate the sum of the estimated future liability indemnity and medical costs reported in the List of Open Indemnity Claims.
- 2e. Unpaid employer retention - the number determined in item 1c above.
- 2f. Total unpaid carrier liability - subtract the unpaid employer retention from the estimated future liability on this claim to determine the total unpaid carrier liability.

Exception: For claims involving a specific excess insurance carrier that is insolvent, seized, bankrupt, or a non-admitted California surety, enter zero in this box (credit for excess coverage can not be allowed).

Note: **Total unpaid carrier liability can never exceed the estimated future liability of the claim.** The self insurer may not take credit for payments made on a claim for which reimbursement has not been received by the specific excess insurance carrier. The self insurer can only claim credit for specific excess insurance coverage for amounts left to pay on the claim, the estimated future liability.

Subtotal the sum of the total unpaid carrier liability for each claim on the page.

Instructions: Page 4 of TPA's Portion of the Annual Report—to be completed by the TPA

Page 4: Calculation of Specific Excess Coverage Entry for Annual Report

To calculate the security deposit, the self insurer utilizes the total adjustment for excess coverage figure to enter on page 4, line D of the "Employer Annual Report". This adjustment figure is prepared by the claims administrator and calculated from the List of Open Indemnity Cases at the end of the annual report.

1. Enter the total unpaid carrier liability listed on all pages of Specific Excess Insurance Policy Coverage.
2. Enter the deposit rate applicable to the self insurer.
3. Multiply the figure in line 1 by the figure in line 2 and enter that total in line 3.
4. Enter the figure in line 3 on page 4, line D (This figure must be entered by the Self Insured Employer since the complete annual report consists of two separate forms).

Note: Remember to complete the summary calculation on page 4 of the "TPA Annual Report" on the Specific Excess Insurance Policy Coverage pages and submit the set of completed excess insurance pages with each report.

You will have to print the report from the **green** button on the first page. Please keep in the mind, if the **errors are not corrected, the report will not print**. Once you print the form, a barcode will appear on the first page. Please sign and attach all the pages and return to your client. Your client will then consolidate the TPA report into the employer's report and submit to Self Insurance Plans. The employer's portion will also have a barcode on the first page. One of the improved features of this application program is that if you are not able to complete your portion, you can save the form and return to it later with the data still intact. **However, if you start a new report from the same computer before completing a report that you started but did not compete, you will have to start the uncompleted report again. The application will not retain the data from the first, uncompleted report.**

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